A N N U A L R E P O R T

OF THE

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

FOR THE YEAR ENDED

31 MARCH 1985

TO HIS HONOUR

THE HONOURABLE LLOYD G. MACPHAIL

Lieutenant Governor of The Province of
Prince Edward Island

May It Please Your Honour:

I respectfully submit herewith, for the information of Your Honour and the Legislature of Prince Edward Island, the Annual Report of the Crown Building Corporation for the Fiscal year ended 31 March 1985.

I have the honour to be Sir:

Your Obedient Servant,

Robert Morrissey

Robert Morrissey
Minister
Department of Transportation & Public Works

Charlottetown, P.E.I.
6 June, 1986

P R I N C E E D W A R D I S L A N D

C R O W N B U I L D I N G C O R P O R A T I O N

Charlottetown
Prince Edward Island
June 6, 1986

Honourable Robert Morrissey
Prince Edward Island Crown
Building Corporation
Charlottetown, P. E. I.

Sir:

We have the honour to submit herewith a report of the activities of the Prince Edward Island Crown Building Corporation for the year ended 31 March 1985.

An Act to establish the Prince Edward Island Crown Building Corporation was passed on 5 April 1962. Subsequently, Orders-in-Council appointed successive Presidents and Directors. During the period 1962-66 the Corporation functioned as an administrative and financing agency for the site preparation, planning, design and construction of the Provincial Administrative buildings in Charlottetown, and from 1966 to 1984 the Corporation generally limited its activities to that of financial agency responsible for amoritizing construction costs of the Administrative buildings.

An amendment to the Prince Edward Island Crown Building Corporation Act (RSPEI 1974, Cap. C-30), assented to 11 May 1984, enabled the Corporation to plan, design, and construct the buildings, facilities, and equipment necessary to accommodate the veterinary teaching facility, known as the College, to be established as part of the University of Prince Edward Island; and to assume the financial obligation of Prince Edward Island, all pursuant to the Agreement of 3 June 1983, on behalf of the Government of Canada and the Governments of the Provinces of Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland.

Order-in-Council EC 647/84, 9 August 1984, appointed the Minister of Transportation & Public Works as President of the Corporation and the Minister of Finance & Tourism, the Secretary to the Treasury Board, the Deputy Minister of Transportation & Public Works and the Director of the Highway Safety Division, Department of Transportation & Public Works as Directors of the Corporation. Further, Council appointed Mr. Clive Stewart as General Manager of the Corporation pursuant to subsection 3(7) of the Act.

Bylaws of the Corporation were approved by the Lieutenant Governor-in-Council 30 August 1984, and; subsequently, amended bylaws were approved 15 November 1984.

Objects and powers of the Corporation were approved by the Lieutenant Governor-in-Council 30 August 1984.

Pursuant to an Agreement of 8 September 1983 between Prince Edward Island and the University of Prince Edward Island, the University conveyed the lands containing approximately 19 acres to the Province for the purpose of construction of all building and parking areas necessary for the College.

The Board of the Corporation authorized contracts for phases of the Atlantic Veterinary College Project:

Phase 1A	- Site work, to Morrison & McRae (1979) Ltd.	-	$ 137,693.00
Phase 1B	- Paving, to Island Construction Ltd.	-	$ 62,894.70
Phase 2A	- Building Excavation & Partial Foundation, to Schurman Construction	-	$ 437,500.00
Phase 2B	- Concrete Structures, to level 300 to Schurman Construction	-	$2,615,500.00
Phase 2C	- Foundations Large Animal Holding Area, to Williams Murphy & MacLeod (1971) Ltd.	-	$ 235,000.00
Phase 3A	- Structural Steel, to Prebilt Structures Ltd.	-	$1,320,595.00
Phase 3B	- Elevators, to Dover Corporation (Canada) Ltd.	-	$ 197,380.00
Phase 3C	- Incinerator, to Georges Nadeau Inc.	-	$ 178,500.00
Phase 3E	- Steel Stairs & Landings, to D.B. & J. (1971) Inc.	-	$ 64,600.00

The Corporation acknowledges with thanks the contributions made by a number of individuals and agencies within the University of Prince Edward Island, the Government of Canada and the Governments of the Atlantic Provinces, and the private sector, all towards the design and construction of the Atlantic Veterinary College

The audited financial statement of this Report covers details of costs.

Respectfully submitted,

Prince Edward Island Crown
Building Corporation

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 1985

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To The Board of Directors of The
Prince Edward Island Crown Building Corporation

I have examined the balance sheet of the Prince Edward Island Crown Building Corporation as at March 31, 1985 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1985 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting in Note 1 applied on a basis consistent with that of the preceding year.

T. Kaptein, C.A.
Auditor General

Charlottetown, Prince Edward Island
October 31, 1985

STATEMENT 1

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION
BALANCE SHEET

MARCH 31, 1985
(with comparative figures at March 31, 1984)

ASSETS

	1985	1984
CURRENT ASSETS		
Cash	$ 155,289	$ 155,295
FIXED ASSETS		
Land - cost	271,340	271,340
Buildings and equipment - cost - Note 1(a)	6,116,139	6,032,994
OTHER ASSETS		
Unamortized bond discount and issue expenses	128,021	134,140
Atlantic Vet College project - Statement 3	6,256,162	-
	$12,926,951	$ 6,593,769

LIABILITIES AND SURPLUS

CURRENT LIABILITIES		
Accrued interest	$ 155,250	$ 155,250
LONG TERM LIABILITIES		
Debentures payable - Note 2	5,400,000	5,400,000
Less: Sinking Fund - Note 3 (Market value 1985 - 3,958,172 1984 - 3,167,105)	3,741,525	3,231,813
	1,658,475	2,168,187
Loan payable - Province of P.E.I. - Note 4	1,115,539	1,038,519
	2,774,014	3,206,706
EQUITY AND LIABILITIES: Atlantic Vet College project - Statement 3	6,256,162	-
SURPLUS		
Unappropriated		
Net Income - Statement 2	67,500	67,500
Less: Transfer to Sinking Fund Reserve	67,500	67,500
	-	-
Appropriated		
Sinking Fund Reserve		
Balance beginning of year	3,231,813	2,788,055
Investment income - Note 1(b)	442,212	376,258
Sinking Fund installments	67,500	67,500
Balance end of year	3,741,525	3,231,813
	$12,926,951	$ 6,593,769

(Notes 1 to 6 are an integral part of these financial statements)

ON BEHALF OF THE BOARD OF DIRECTORS:

STATEMENT 2

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

STATEMENT OF INCOME

YEAR ENDED MARCH 31, 1985

(with comparative figures for the year ended March 31, 1984)

	1985	1984
LEASE INCOME - Province of Prince Edward Island net lease - Note 1(b)	$384,118	$384,118
EXPENSES		
Interest	310,500	310,500
Amortization of bond discount	6,118	6,118
	316,618	316,618
Net Income for Year	$ 67,500	$ 67,500

(Notes 1 to 6 are an integral part of these financial statements)

STATEMENT 3

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

ATLANTIC VETERINARY COLLEGE PROJECT

BALANCE SHEET

MARCH 31, 1985

ASSETS

	1985
Cash and Deposit Receipts	$ 597,884
Accounts Receivable	830,306
Construction in Progress	4,827,972
	$6,256,162

LIABILITIES AND EQUITY

Accounts Payable and Accrued Liabilities	$1,152,867
Deferred Revenue	275,323
Equity - Government of Canada	4,827,972
	$6,256,162

(Notes 1 to 6 are an integral part of these financial statements)

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1985

1. Accounting Policies

   (a) No depreciation is being charged against the buildings and equipment.

   (b) The statement of income is on a net lease basis and does not include the interest on Sinking Fund investments. The investment income is shown as a separate item in the Sinking Fund section of the balance sheet.

2. Debentures payable - 5 3/4% Sinking Fund debentures due April 1, 2006, callable at the option of the Corporation on or after April 1, 2001. The debentures are guaranteed by the Province of Prince Edward Island.

3. Sinking Fund investments consist of the following:

	1985	1984
Cash	$ 1,564	$ 101,250
Accrued Interest	139,827	113,892
Debentures	3,600,134	3,016,671
	$3,741,525	$3,231,813

4. The loan payable to the Province of P.E.I. is a non-interest bearing loan with no stated maturity date.

5. A legal claim against the Crown Building Corporation has been made pertaining to the ownership of lands on which both the Jones and Sullivan Buildings are situated as well as part of the parking lot. At the present time, December 10, 1985, the amount of the loss, if any, is not determinable.

6. In June 1983, the Atlantic Provinces and Government of Canada signed an agreement to construct a veterinary teaching facility (Atlantic Veterinary College) in Charlottetown as part of the University of Prince Edward Island. The project is to cost $36.5 million in 1983 constant dollars with approximately $9 million of the $36.5 million allocated for equipment. The Atlantic Provinces and the Federal

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1985

Government have agreed to share in the cost of the project to a maximum of $36.5 million in 1983 constant dollars. The Province of Prince Edward Island is responsible for 100% of net project cost overruns. The cost sharing ratios and maximum amounts are as follows:

Canada	50%	or	$18,250,000	(in 1983 constant dollars)
P.E.I.	19.5%	or	7,115,000	"
Nova Scotia	16.0%	or	5,840,000	"
New Brunswick	13.0%	or	4,745,000	"
Newfoundland	1.5%	or	547,500	"
	100.0%		$36,497,500	"

The Atlantic Provinces agreed to a Federal Government request to bill the Federal Government for 100% of costs until available funds were depleted or the $18.25 million maximum was reached in order to take advantage of existing federal budget provisions.

As at October 31, 1985, Project Management anticipates no cost overruns.

Deferred Revenue represents funds advanced but not yet due by the Provinces of New Brunswick, Nova Scotia, and Newfoundland to the Atlantic Veterinary College as of March 31, 1985.

The value of uncompleted work on outstanding contracts at March 31, 1985 was $2,609,900.

The P.E.I. Government is responsible for the actual construction of the College and is discharging the responsibility through the P.E.I. Crown Building Corporation.

The College is primarily to benefit the four Atlantic Provinces. Therefore, entrance seats and operating costs will be allocated between the four provinces on a basis as indicated by the "Four Party Agreement".